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Message Text

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C O R R E C T E D C O P Y (SUBPARA 4(B) INCOMPLETE)

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COMMITTEE ON TRADE AND DEVELOPMENT, JUNE 23

REF: GENEVA 8873, 8951, 9173

1. THERE FOLLOWS DRAFT TPSC DOCUMENT 78-80, WHICH IS TRANSMITTED FOR US REP'S STUDY. TPSC CLEARANCE WILL BE CABLED WITH ANY ADDITIONS AND CORRECTIONS PRIOR TO MEETING.

2. PROBLEM:

THE GATT COMMITTEE ON TRADE AND DEVELOPMENT WILL MEET ON JUNE 23. THE U.S. HAS IN THE PAST TREATED THIS BODY AS AN
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LDC-COMPLAINT FORUM, AND HAS ADOPTED A DAMAGE-LIMITING APPROACH. WITH THE COMPLETION OF THE MTN RAPIDLY APPROACHING AND IN AN ATMOSPHERE OF INCREASING LDC INVOLVEMENT IN THE WORLD TRADING SYSTEM, IT IS NOW APPROPRIATE FOR THE UNITED STATES TO ADOPT A MORE CONSTRUCTIVE ATTITUDE IN EXPLAINING OUR VIEWS AND IN CONTRIBUTING TO THOSE GATT ACTIVITIES WHICH AFFECT LDC'S.

3. RECOMMENDATIONS:

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THE U.S. DEL SHOULD DRAW ON THE FOLLOWING AS APPROPRIATE

FOR THE AGENDA TOPICS AT THE JUNE 23 MEETING. NUMBERS IN PARENTHESIS ARE KEYED TO INDIVIDUAL AGENDA ITEMS.

(1) REVIEW OF IMPLEMENTATION OF PART IV.

A. REGARDING GSP, MATERIAL IN PARA 14, GENEVA 8951, IS CORRECT. U.S. DEL MAY WISH TO ADD THAT U.S. GSP DUTY-FREE IMPORTS FROM BENEFICIARY DEVELOPING COUNTRIES IN 1977 ROSE OVER 20 PERCENT TO $3.9 BILLION.

B. REGARDING THE MULTILATERAL TRADE NEGOTIATIONS, AGENDA ITEM FIVE REPORTS ON THE UNPRECEDENTED EFFORTS THE U.S. HAS MADE IN INVOLVING DEVELOPING COUNTRIES IN THE MTN.

C. IN THE PAST 12 MONTHS, FINAL DETERMINATIONS WERE MADE IN NINE ESCAPE CLAUSE CASES. IN FIVE OF THESE, THE ITC DETERMINED THAT THERE WAS NO INJURY OR THREAT OF INJURY AS A RESULT OF IMPORTS. (ALL FIVE INVOLVED PRODUCTS OF INTEREST TO LDC'S: ZINC, CAST IRON PIPE AND TUBE, HATS, BEEF, AND CUT FLOWERS). IN ONE CASE (STOVES AND STOVE PARTS) THE ITC HAD A TIE VOTE ON THE QUESTION OF INJURY;
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THE PRESIDENT ACCEPTED AS THE ITC FINDING THE POSITION OF THOSE VOTING AGAINST AN INJURY DETERMINATION. IN TWO CASES (HIGH CARBON FERROCHROME AND INDUSTRIAL FASTENERS), THE ITC FOUND INJURY BUT THE PRESIDENT DID NOT IMPOSE IMPORT RESTRICTIONS. IN ONLY ONE CASE, THAT INVOLVING CITIZEN BAND RADIOS (IMPORTED ALMOST EXCLUSIVELY FROM JAPAN) DID THE PRESIDENT GRANT IMPORT RELIEF. THE ITC HAS FOUND INJURY AND THREAT OF INJURY IN A TENTH CASE (STAINLESS STEEL FLATWARE), AND THE PRESIDENT MUST DECIDE BY JULY 12 WHETHER RELIEF IS APPROPRIATE.

D. IN COMMENTING ON OUR ADJUSTMENT ASSISTANCE PROGRAM FOR THE FOOTWEAR INDUSTRY, U.S. REP MAY POINT OUT THAT SINCE LAST JULY 20, THE COMMERCE DEPARTMENT HAS CERTIFIED 60 FOOTWEAR COMPANIES FOR TRADE ADJUSTRMENT ASSISTANCE, NEARLY TWICE AS MANY AS WERE CERTIFIED IN THE PREVIOUS 15 YEARS SUCH ASSISTANCE HAS BEEN AVAILABLE TO THE FOOT-WEAR INDUSTRY. THESE CERTIFIED MANUFACTURERS ARE NOU ELIGIBLE FOR PRIVATE CONSULTING ASSISTANCE FROM THE DE-PARTMENT'S FOOTWEAR "SPECIALIST TEAMS." THESE TEAMS ARE COMPOSED OF PRIVATE CONSULTANTS EXPERIENCED IN MANUFAC-TURING, TECHNOLOGY, MARKETING, MANAGEMENT INFORMATION SYSTEMS, AND BUSINESS STRATEGY. CERTIFIED MANUFACTURERS ARE ALSO ELIGIBLE FOR LOANS AND LOAN GUARANTEES. ABOUT HALF OF THE CERTIFIED FIRMS HAVE INDICATED THAT THEY ARE NOT INTERESTED IN LOANS, BUT WANT ONLY TECHNICAL ASSIS-

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TANT FROM THE DEPARTMENT'S "SPECIALIST TEAMS". CURRENTLY,

47 OF THE 60 CERTIFIED COMPANIES HAVE SELECTED SPECIALIST TEAMS TO WORK WITH THEIR MANAGEMENT GROUPS. OTHER AREAS IN WHICH THE COMMERCE DEPARTMENT'S FOOTWEAR INDUSTRY PROGRAM CONDUCTS ON-GOING ACTIVITIES INCLUDE DEVELOPMENT OF NEW TECHNOLOGY, A PROPOSED CENTER TO PROMOTE EDUCATION AND ADOPTION OF NEW TECHNOLOGY, AND AN EXPORT PROMOTION PROGRAM.

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(2) NOTIFICATION PROCEDURES.

(A) THE UNITED STATES IS WILLING TO INCLUDE TRADE STATISTICS IN ITS CTD NOTIFICATIONS AND WILL CONTINUE TO NOTIFY BOTH LIBERALIZING AND RESTRICTIVE CHANGES IN IMPORT POLICIES. THE U.S. REP MAY SUPPORT THE SUGGESTION THAT "REVERSE NOTIFICATIONS" BE ENCOURAGED, STIMULATE DISCUSSION OF THE MECHANICS OF THE NOTIFICATION PROCESS AND SUGGEST THAT THE LDC SPECIAL ASSISTANCE UNIT MIGHT HELP LDCS PREPARE NOTIFICATIONS.

(3) REVIEW OF DEVELOPMENTS IN INTERNATIONAL TRADE AND

(4) TRADE PROTECTIONISM

(A) IN THE DISCUSSION OF THESE ITEMS THE U.S. DEL MAY DRAW ON OTHER SECTIONS OF THIS PAPER AND THE INSTRUCTIONS FOR ITEM 1 AT THE JUNE 8-9 CG-18 MEETING (TPSC 78-71):

(B) IF THE TRIGGER PRICE MECHANISM (TPM) FOR STEEL IS RAISED, THE U.S. REP SHOULD ASSERT THAT U.S. ACTIONS TO COUNTER DUMPING HAVE BEEN CONSISTENT WITH OUR GATT OBLIGATIONS, ADDING AS APPROPRIATE:

-- THE TRIGGER PRICE MECHANISM IS EXCLUSIVELY A DEVICE TO ENABLE THE TREASURY DEPARTMENT TO IDENTIFY IMPORTS OF STEEL AT PRICES WHICH APPEAR TO BE BELOW "FAIR VALUE" UNDER THE ANTIDUMPING ACT AND TO DETERMINE, WITHOUT THE NEED FOR A COMPLAINT AND ON AN EXPEDITED BASIS, WHETHER SUCH SALES ARE IN FACT BELOW FAIR VALUE.

-- THERE ARE NO AUTOMATIC PENALTIES UNDER THE TPM, NOR WOULD A SALE BELOW THE TRIGGER PRICE PER SE VIOLATE THE
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ANTIDUMPING ACT. BEFORE ANY ANTIDUMPING DUTY IS IMPOSED,

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THE IMPORTER AND EXPORTER INVOLVED IN A SALE BELOW THE TRIGGER PRICE WILL BE GIVEN AN OPPORTUNITY TO ESTABLISH THAT IT WAS AT "FAIR VALUE" AS DEFINED IN THE REGULATIONS UNDER THE ACT. THE TPM DETRACTS FROM NO ONE'S RIGHTS UNDER THE ACT.

-- THE TPM IS A TEMPORARY DEVICE DESIGNED NOT TO ELIMINATE OR REDUCE IMPORT COMPETITION, BUT ONLY TO ASSURE THAT IMPORTS COMPETE AT FAIR PRICES IN THE U.S. MARKET. MARKET-SHARING IS ANTITHETICAL TO THE SPIRIT AND PURPOSE OF THE TPM.

-- NEITHER THE U.S. ANTIDUMPING STATUTE NOR THE GATT ANTIDUMPING CODE PROVIDES FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S. THERE IS ,ERIOUS DOUBT IN OUR VIEW THAT SPECIAL AND DIFFERENTIAL TREATMENT CAN BE JUSTIFIED WHERE DUMPING IS INVOLVED.

-- THE U.S. CANNOT, THEREFORE, ENTERTAIN ANY PROPOSAL TO EXEMPT LDC OR ANY OTHER SUPPLIERS FROM THE TPM OR TO REPLACE IT WITH QUOTAS OR VOLUNTARY RESTRAINT AGREEMENTS.

-- THERE ARE NO QUANTITATIVE TARGETS IN THE TRIGGER PRICE SYSTEM.

-- THE TRASURY DEPARTMENT WOULD BE PLEASED TO ANSWER ANY QUESTION ABOUT OR DISCUSS ANY PROBLEM RELATING TO THE TPM.

C. IF THE U.S. COUNTERVAILING DUTY STATUTE IS ATTACKED, THE U.S. REP MAY MENTION MTN WORK ON A CODE COVERING SUBSIDIES AND CVD'S AND ENCOURAGE LDC PARTICIPATION. HE MAY ALSO REFER TO U.S. WILLINGNESS TO CONSIDER ADOPTION OF AN IN-JURY CLAUSE IN OUR CVD LAW IN EXCHANGE FOR A COMMITMENT BY OTHER COUNTRIES TO PLACE GREATER DISCIPLINE ON THE USE OF SUBSIDIES. THE UNITED STATES REP MAY ALSO NOTE THAT TREAS-
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URY HAS IN APPROPRIATE CASES USED ITS AUTHORITY TO WAIVE CVD'S AND THAT A NUMBER OF LDC'S HAVE BEEN BENEFICIARIES OF THIS APPROACH.

(5) DEVELOPMENTS INTHE MULTILATERAL TRADE NEGOTIATIONS.

THE U.S. REP SHOULD NOTE THAT THE UNITED STATES HAS MADE

UNPRECEDENTED EFFORTS TO INVOLVE DEVELOPING COUNTRIES IN THE MTN. THROUGH CONSULTATIONS IN GENEVA, WASHINGTON AND LDC CAPITALS, WE HAVE EXPLAINED OUR OBJECTIVES AND ASKED FOR REQUESTS, IDEAS AND RESPONSES TO OUR OFFERS. WE HAVE TABLED SERIOUS PROPOSALS ON TRADE LIBERALIZING MEA-SURES FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S

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BUT CANNOT PROCEED MUCH FURTHER WITHOUT A BETTER UNDER-
STANDING OF POSSIBLE LDC CONTRIBUTIONS IN THE NEGOTIATIONS.
WE HOPE AND EXPECT THAT A SATISFACTORY PACKAGE WILL BE
AGREED UPON SOON. THE U.S. REP SHOULD SUGGEST, OR SUPPORT
A SUGGESTION AS APPROPRIATE, THAT THE SECRETARIAT UNDER-
TAKE AT THE CONCLUSION OF THE MTN A DETAILED STUDY OF THE
RESULTS OF THE MTN ESPECIALLY AS THEY AFFECT DEVELOPING
COUNTRIES FOR REVIEW BY THE CTD. THE UNITED STATES WOULD
BE READY TO CALL A SPECIAL SESSION FOR THE CTD, IF NEC-
ESSARY FOR A TIMELY REVIEW OF THIS STUDY.

(6) TECHNICAL ASSISTANCE.

THE U.S. REP SHOULD REITERATE OUR SUPPORT FOR THE PERMA-
NENT OPERATION OF THE SECRETARIAT'S SPECIAL ASSISTANCE
UNIT, TO BE RESPONSIBLE FOR ASSISTANCE AND ADVICE TO
INDIVIDUAL DEVELOPING COUNTRIES REGARDING ALL GATT ACTIV-
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(7) EXPANSION OF TRADE AMONG DEVELOPING COUNTRIES:

THE U.S. REP SHOULD NOT COMMENT ON THIS ITEM.

(8) UNSPECIFIED ISSUES.

THE U.S. REP SHOULD INDICATE U.S. INTEREST IN ESTABLISHING
EFFECTIVE WAYS OF DEALING WITH DEVELOPING COUNTRY TRADE
PROBLEMS IN THE GATT FOLLOWING THE CONCLUSION OF THE MTN.
HE MAY SUGGEST THAT THE CTD MAY WISH TO REEXAMINE ITS OWN
ROLE IN THE GATT WITH A VIEW TO PROVIDING A FORUM FOR
ADDRESSING THESE PROBLEMS. IF APPROPRIATE, THE REPRESEN-
TATIVE MAY SUGGEST THAT THE GATT SECRETARIAT PREPARE A
PAPER REVIEWING THE CTD TERMS OF REFERENCE AND ITS
HISTORY OF ACTIVITIES TO PROVIDE BACKGROUND FOR DISCUSSION
OF THE ROLE OF THE OF THE CTD. VANCE

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